DOCUMENT RESUME

ED 430 294 EA 029 817

AUTHOR Sielke, Catherine C.
TITLE Finance Reform: More Money, More (Spending) Saving.
PUB DATE 1999-04-00
NOTE 22p.; Paper presented at the Annual Meeting of the American Educational Research Association (Montreal, Quebec, Canada, April 19-23, 1999).
PUB TYPE Reports - Research (143) -- Speeches/Meeting Papers (150)
EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Budgeting; *Budgets; Educational Economics; *Educational Finance; Elementary Secondary Education; Expenditures; Financial Policy; *Money Management; *Public Schools; *School District Spending
IDENTIFIERS *Michigan

ABSTRACT

This paper examines the growth of general-fund balances in Michigan's public schools. It discusses the extent of the unspent dollars, describes the characteristics of school districts that choose not to spend, and details what is sacrificed in districts that choose not to spend their entire budget. Financial data for the research were collected from the Michigan Department of Education for 1995-96. Descriptive statistics were calculated to determine state-level means, medians, ranges, and standard deviations for various categories of data. Results show that in terms of expenditures the biggest differences in districts' expenditure per pupil are due to the funding group and to differences in choices between functions. Although the evidence suggests that there are few differences in the way districts spend their money, some have large balances left over. Reasons for this behavior could be due to the fact that since districts cannot control the level of revenue through local decision-making at the polls, they control their budgets by deciding not to spend. Another explanation for large fund balances may be due to the fact that school-district administrators do not wish to start programs that may have to be canceled due to future funding cuts. (RJM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 430 294

FINANCE REFORM: MORE MONEY, MORE ~~SPENDING~~ SAVING

Catherine C. Sielke, Ph. D.

The University of Georgia
Department of Educational Leadership
328 River's Crossing
Athens, GA 30602
Office: 706-542-9767
Fax: 706-542-5873
email: csielke@coe.uga.edu

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

C. Sielke

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

Paper Presented at the Annual Meeting of the American Education Research Association
Montreal, Canada, April 20, 1999

EA 029 817

BEST COPY AVAILABLE

FINANCE REFORM: MORE MONEY, MORE ~~SPENDING~~ SAVING

The past quarter century has witnessed an ongoing discussion of the generation of revenues for schools and the use of those revenues. The discussions have ranged from issues of taxpayer equity to student equity resulting in many states revamping their funding systems to accommodate balancing of tax revenues to bring about greater taxpayer equity and in revamping distribution of those taxpayer dollars to school systems in an effort to bring about greater equity in revenue per pupil and in addressing vertical equity through categorical programs. Production function equations have been developed in efforts to assess the impact of resources on outcomes, most often defined as test scores. Researchers have also looked at how school districts spend their money in efforts to examine the impact of dollars on scores, and we even examine other things within the "black box" such as how decisions are made. Many researchers have presented papers and written articles about how schools spend their money, and it seems that these attempts have looked at various functions and objects as percents of total expenditures. Also in existence are some programs that facilitate schools showing stakeholders how dollars are spent. There is, however, a choice that appears to be ignored in these calculations -- that is the choice of saving money rather than spending it. This money that is left unspent can be called a contingency fund, or a rainy day fund, or a fund balance. This paper examines the extent of growth of general fund balances in Michigan public schools. This paper will discuss the extent of the unspent dollars and some characteristics of school districts that choose not to spend. The paper will also look at some of the school districts that are not spending in contrast to those that do in an effort to find out what is sacrificed. Finally the paper will present some conjectures as to why the savings is occurring.

METHODOLOGY

Michigan has 524 regular K-12 school districts. Financial and other related data were collected from the Michigan Department of Education for the years 1990-91 through 1996-97; however, only 1995-96 data were used in this paper. Descriptive statistics were calculated to determine state level means, medians, ranges, and standard deviations for various categories of data. In addition the districts were divided into four groups based on their combined state and local revenues in 1993-94. These groups represent the funding levels which determined their foundation allowance and the way in which they would receive future increases under Michigan's finance reform which took effect in the 1994-95 school year. Under Michigan's finance reform, annual per pupil increases to the foundation allowance are determined by a revenue consensus committee. This committee determines a per pupil amount to be added to the state's target foundation allowance, which was set at $5,000 for 1994-95. Districts that had combined local and state revenues less than $4,200 in 1993-94 were raised to $4,200 and annually receive twice the per pupil increase until they reach the state's target amount (which increases each year by the per pupil amount). Districts that fall between the lowest funded and the targeted amount receive the per pupil amount and twice the amount until they reach the targeted amount. Districts that are above the targeted amount receive the per pupil adjustment. Districts that were above $6,500

receive the per pupil increase and may, with voter approval, levy hold harmless millage to bring them up to their 1993-94 level plus the annual increase. This last group of districts is not eligible, however, for at risk funding. Districts receive at risk funding based on the number of students eligible for free (not reduced) lunch under federal guidelines; the amount is an additional 11 percent of the foundation allowance. There are 31 districts in group 1, those that were raised to $4,200 per pupil and receive twice the per pupil increase. There are 262 districts that fell into the second funding group; 184 districts fell into group 3; and 47 districts had revenues above $6,500 (group 4).

Earlier research using discriminant analysis had shown an interaction between fund balance accumulation and the number of children eligible for free and reduced lunch (Sielke, 1998). This research is an attempt to understand the choices school districts make about spending, and in particular to compare the choices made between districts which had average fund balances and those that had large fund balances. Nine districts were selected which were one or more standard deviations above the norm for fund balance as a percent of revenue and for dollars per pupil in fund balance. For comparative purposes, eight districts were selected that had average fund balances. Efforts were made to select districts that had comparable student enrollment, but that was not always possible. See Tables 1 and 2 for information regarding fund balances. The revenues and expenditures by function are compared to the mean on both state and group numbers. Also analyzed are the district levels of taxable property, free and reduced lunch rate, staff to student ratios, and salary averages. Conclusions about differences between the districts are drawn from these comparisons.

HOW MUCH IS SAVED?

At the end of the 1995-96 school year there were nine districts in deficit and 515 districts were not. That 515 districts had accumulated a total of $1,011,333,513 in general fund balance. In other words, over one billion dollars went unspent for education in Michigan during that school year. The mean general fund balance for Michigan school districts was $1,963,754. Although this sum averaged $813 per pupil, the range was from 96 cents per student in one district to $5,262 per student in another. The state average savings for the 1995-96 year was $125 and that included those districts that had spent more than their revenues that year. Auditors generally suggest that schools districts have about eight percent fund balance which allows them to manage cash flow and keep them from having to borrow money during certain times of the year. However, Michigan schools have a history of larger than "recommended" balances. In 1990-91 the average fund balance was 11.7 percent; in 1993-94, after two years of a freeze in taxable assessed valuation growth, the average fund balance fell to 10.2 percent.

FINDINGS

Every table within this paper has the districts coded by their funding group, as explained above. For each variable, the state mean and standard deviation is presented. For the variables

that have been calculated on a per pupil basis, the funding group mean and funding group standard deviation are also presented.

Tables 1 and 2 show various characteristics of the school districts that were studied. We find that in most instances, the enrollment of the selected districts was smaller than average. However, with the exception of one district, the enrollments of the districts having high fund balances were smaller than those with average fund balances. One may wonder if smaller districts may be more efficient with the use of their dollars or if the smaller size precludes the offering of programs larger school districts can offer. We also find that with only a few exceptions, the percentage of students eligible for free and reduced lunch is higher for the districts with larger fund balances which tends to confirm the results of the discriminant analysis. We also find that those having average fund balances have higher average salaries, and this may partially explain the differences in fund balance accumulation.

In terms of expenditures, we find that the biggest differences in expenditure per pupil in any function is due to the funding group (i.e. the amount of revenues) and to differences in choices between functions. We find that instructional expenditures tend to be higher in terms of percent for the districts with average fund balances although with only the exception of district 1-B and 4-Z all districts are less than one standard deviation from the state mean. District 1-B, which is low in state and local revenue and high fund balance, makes expenditures comparable to those of a high revenue district, and District 4-Z , which is high revenue spends per pupil like a low revenue district. We find that there are variations in the instructional support piece, but no real pattern emerges that would necessarily explain the differences in fund balance. The high fund balance districts tend to spend less per pupil for administration in the lower funded districts but spend more in the higher funded districts. An anomaly occurs with District 4-I which according to its reports spends $1,919 per pupil for administration while only spending $322 per pupil for instructional support. Reason would lead one to believe that a district with only 762 pupils and only average salaries would not spend this much on administration. Reason might also lead one to believe that salaries for personnel such as curriculum directors or Title I coordinators may have been placed in the administrative function rather than within the instructional support area. (The issue of data accuracy is discussed in the next section of this paper.) There also appears to be greater expenditures per pupil for non-instructional support (business office, maintenance and operations, and transportation) among those with higher fund balances.

The evidence seems to show that there is not a lot of difference in the way districts spend their money, yet some have so much left over. That forces us to look at revenues. We find in Tables 5 and 6 that there are some significant differences in revenues across the districts. The fact that the high fund balance districts tend to have higher free and reduced lunch rates means that they receive more dollars from both federal and state grants targeted at this at risk population. Even though the group 4 districts are not eligible for Michigan's at risk funding, they are eligible for federal dollars. Although federal dollars should supplement and supplant local dollars, it may that this is occurring. In addition, District 1-B not only has a high percent of free and reduced lunch students, it also is eligible for federal impact aid as it is the site of a military installation. This additional federal funding allows it to spend as if it were a group 4

district even though its state and local dollars place it in group 1 and make it eligible to receive twice the per pupil annual state increase. Other districts may also be receiving federal monies for magnet schools and other related projects which came about through desegregation orders.

In other words, it appears that the incidence of high fund balances may be due to the availability of revenue sources that are over and above the more traditional revenues. Lower funded districts were generally the result of an unwillingness to levy higher property taxes in those districts. It may be that the decision to not raise taxes was because other sources of dollars, such as federal aid, were already providing the district constituency with the level of funding it needed to provide what it considered appropriate programs for its students.

ANALYSIS AND DISCUSSION

The data used to analyze school district revenues and expenditures are self-reported data. From these data the state department of education makes calculations to arrive at staff to pupil ratios and average salaries. Researchers take the data and perform their own manipulations of that data from which they draw conclusions about what school district dollars buy. While I believe that we know with great certainty the revenues that enter school districts and the amount of expenditures, we may have little certainty of what those dollars actually bought. I must draw at this point on my personal experiences in working in school district business offices as both a school business official and as a consultant. Someone somewhere in a district decides what accounting codes to assign to a purchase. That someone may be a secretary in a building, a bookkeeper, the business official, etc. Each of these people has varying familiarity with accounting and with school accounting codes, and each places varying importance on the need to assign the right code. The interpretation of whether an expenditure is a general administration or a business office expense can be an area of confusion. And, where exactly do the costs for professional development get recorded? If the school district uses abbreviations within its line item accounts, there can be confusion over whether, for example, **voc** is a reference to vocational education or vocal music (**true** anecdote). Further, school district officials are sometimes prone to interpret expenditures in such ways that the expenditure is coded to a function that is less controversial. Although this may be a reversal of the norm, school district 4-I shows a very high expenditure in administration and a low expenditure in student support. As previously noted, this may be that curriculum directors, Title I coordinators, and other such personnel have been coded as administrators rather than as instrutional support personnel. Also, as I reviewed data, I noticed several districts that recorded no costs for business expenses. Where does one record the costs of audits, insurances, legal fees, etc.? If the district is small and has no business administrator, do all of these costs become assigned to general administration, operations and maintenance, or where? Another complication is the completion of state level reports which request information on staffing, etc. Unless staff reports and expenditure reports are coordinated, average salaries and benefits can become immensely skewed. Having said all this, however, we as researchers have little choice other than to use the data we are given and remember that our conclusions may be based on shaky ground.

Because the Michigan data on total revenues and expenditures are independently audited before they are submitted to the state, it seems reasonable to conclude that many Michigan school districts are choosing to not spend a lot of the revenue that enters their districts. There are many possible explanations for this. The results of discriminant analysis from a prior work by the author (Sielke, 1998) showed an interaction between accumulating larger fund balances, greater expenditures for instructional purposes and a greater number of children eligible for free and reduced lunch. While the districts chosen for more in depth analysis in this paper tend to confirm the results of the discriminant analysis, there are districts that do not fit that pattern. We may, however, speculate that fund balance accumulation can be explained by grants theory. Tsang and Levin (1983) state that the theory of grants assumes that the governmental body (in this case, the local district) is spending its dollars optimally and is in a state of relative equilibrium. A higher level of government may believe that the dollars are not supporting state or national goals. Grants are given to influence the spending so that more resources are provided for the policy goal.

Block grants, as opposed to categorical grants, provide great flexibility in their use as funds are intended for a general educational purpose (California, 1993). Terrell (1980) believes that many programs which are designed to meet special needs should be funded through block grants, thereby providing more local control. The California Report (1993) argues that research reports on the effects of categorical grants are inconclusive. The report states that the research does provide information on the successful innovation of programs. The report states: ". . . program rules should not prescribe solutions to local problems. Instead, researchers have found that teachers and administrators need to find their own solutions to the problems addressed by categorical programs" (p. 39). Because school districts and their students have differing needs, the local flexibility allowed through block grant funding is preferred. Michigan's at-risk funding could arguably be characterized as a block grant. Even though dollars enter districts on the basis of the number of children eligible for free lunch under federal guidelines, the definition of at-risk students who are eligible for services provided by at risk dollars is very broad and encompassing. In addition, with the conversion to a foundation allowance, virtually all categorical funding was eliminated giving local school district officials great latitude in deciding how to spend dollars.

Tsang and Levin (1983) state that the assumption that the entire grant will be used as intended may be false. They identified three responses to grants. One response is that the grant will provide the increased educational services for which it was intended. A second response, however, is that the grant will substitute for local dollars thereby reducing local effort to provide the service. The local dollars will then be diverted to other educational needs. The third response is that the local government uses the grant to supplant local funds and returns dollars to the community by way of a tax reduction. Tsang and Levin failed to identify a possible fourth alternative which is to build fund balance.

A second explanation for the growth in fund balance may be offered by looking at the issue of local choice. Under the old funding mechanisms, the level of investment in education was measured by voter approval of local property taxes. (See Addonizio, 1997 for a discussion of possible local school district response to Proposal A.) Districts were low funded because voters would not approve (or were not asked to approve) higher taxes. Under Michigan's old

system, local effort was rewarded. The argument can be made that these low funded districts (through decisions made by local district administrators and/or by school board members) did not wish to increase their level of investment in education. In other words, the policy of goal of adding many new dollars into the lowest funded districts is in direct opposition to the community's choice about the level of investment in education for that community. In economic terms, the demand for education was being met and the infusion of new dollars increased the supply of education dollars above the demand. Since districts can no longer control the level of revenue through local decision making at the polls, the control is occurring by deciding not to spend. Fund balance in some districts is a well kept secret because the rules of collective bargaining require that unions attempt to get as much as they can while school district officials try to resist these attempts. On the other hand, in some districts large fund balances give school district officials "bragging rights" as large fund balances are perceived as indicators of prudent financial management.

Another possible explanation for the propensity to save dollars is uncertainty of future revenue increases. Since the inception of Proposal A, school district administrators have been skeptical of the state's ability and/or willingness to fund the foundation allowance. The word is something like this: If the best we can get in good economic times is a 2.9 percent increase at the state target foundation allowance, what can we expect in bad economic times? Since funding for Michigan schools is now tied to more elastic taxes - sales and income - the concern is probably not unfounded. In fact, as a result of a lawsuit involving the under-funding of special education the foundation allowance for the current school year (1998-99) has been frozen. (See Sielke & Russo, 1999 for a discussion of this settlement.) Although the state reduced the required percentage for retirement contributions, it is questionable whether or not that savings will offset the possible increase that may have come through the foundation allowance. Such uncertainty may increase the desire to build fund balance to counter the necessity to cut programs and staff if new dollars are not forthcoming. Sielke (1996) also found that the uncertainty of revenue influenced decisions about spending in that faced with uncertainty school district officials are less likely to implement new programs until they are certain that the revenues are there.

Fund balance issues are address by Allen (1991) and Vidlicka and Hartman (1994). The authors all agree that fund balance should be used to reduce or eliminate cash flow problems. The authors further agree that uncertainty affects districts' decisions as to how much is enough. As a result of finance reform, Michigan districts must now rely on 12 state aid payments rather than lump sum local tax collections. While this may necessitate some increase in fund balance, it does not justify fund balances above the state average. Further, Manca, Noonan, & Matranga (1999) found that districts that had gone into receivership had experienced cash flow problems and the disintegration of fund balances. Once fund balance has accumulated, it is very difficult to spend wisely. Realistically, the choices to spend accumulated balances must be limited to one time expenditures as once the fund balance is diminished, the annual revenues will not sustain recurring costs.

Another explanation for large fund balances may be that school district administrators do not know how to spend the dollars. Picus and others (1995) found that it was often the case in school districts that received significant increases in dollars that there were no plans to spend the

money and that it often went for one time expenditures such as capital outlay. It may be the case that administrators in these districts do not know how to spend the dollars to impact students without placing themselves in the problematic situation of having to continue programs once they reach the state target allowance and no longer receive double the per pupil annual increase.

In conclusion, it appears that Michigan's policy goals of greater equity in revenues and greater local choice in spending are in conflict which in turn may be contributing to undermining federal policy goals. While the policy goal of increasing equity in revenue is being achieved (Prince, 1997), the policy goal to maintain and perhaps even enhance local control may be resulting in the local choice of saving rather than spending those new, equalizing dollars. Federal grants for at risk children carry with them the policy goal of vertical equity or the belief that students that have greater needs require greater amounts of money. Districts must report their use of those federal dollars, so we may reasonably assume that the federal dollars are being spent on the targeted population. A much more difficult task is to find evidence that these dollars are supplanting rather than supplementing local dollars. It may be that districts that have very large populations of at risk children receive so many state and federal grants that the program they provide can be funded without the use of the new monies entering districts with the goal of horizontal equity.

It seems clear that those in the profession of preparing future educational leaders have some tasks cut out for them. First of all, it seems that educational leaders need to be exposed to the literature that addresses what works for increasing student achievement (how ever one wants to define that) and to ensure that school district dollars are used for that purpose. Secondly, it seems that educational leaders need a better understanding of how accounting can bring about greater accountability and with that goes the need to accurately report expenditures and revenues. Thirdly, it seems that educational leaders need to be trained in dealing with uncertainty. And lastly, educational leaders need to be (or need to hire) persons who can walk the line between fiscal prudence and building a monetary empire. Schools are public institutions that are financed through taxes; taxpayers should not be taxed to build bulging bank accounts for schools and students should not be short-changed on programs.

REFERENCES

Addonizio, M. F. (1997). Equality or choice? School finance reform and the income-expenditure relationship. Journal of Education Finance, 23, 22-42.

Allen, I. J. (1991). Unreserved fund balance and public school finance. School Business Affairs, 57, 10-17.

California State Legislative Analyst's Office, (1993). Reform of categorical education programs: Principles and recommendations. Sacramento, CA. (ERIC Document Reproduction Service No. ED 363 920.)

Lankford, H. & Wyckoff, J. (1995). Where has the money gone? An analysis of school district spending in New York. Educational Evaluation and Policy Analysis, 17, 195-218.

Manca, D., Noonan, D, & Matranga, M. (1999). Recipe for financial disaster: Three districts tell the story. Journal of Education Finance, 24, 379-388.

Picus, L. O, Tetreault, D. R., Hertert, L. (1995, March). The allocation and use of educational resources in California. Paper presented at the meeting of the American Finance Association, Savannah, Georgia.

Prince, H. (1997). Michigan's school finance reform: Initial pupil-equity results. Journal of Education Finance, 22, 394-409.

Sielke, C. (1996). Wealth, certainty, and budgetary decision-making. Journal of Education Finance, 22, 195-213.

Sielke, C. C. (1998, March). Fund balance: An examination of local school districts choosing not to spend. Paper presented at the annual meeting of the American Education Finance Association, Mobile, AL.

Sielke, C. C. & Russo, C. J. (In press, Summer 1999). Special education funding in Michigan: Robbing Peter to pay Paul. The Journal of Education Finance, 25 (1).

Terrell Jr., C. S. (1989). Toward local control in California schools in the 1990's: A fifteen point education plan. (ERIC Document Reproduction Service No. ED 300 903.)

Tsang, M. & Levin, H. M. (1983). The impact of intergovernmental grants on educational expenditure. Review of Educational Research, 53, 329-367.

Vidlicka, S. R. & Hartman, W. T. (1994). How much is enough? Sizing a district's fund balance. School Business Affairs, 60, 4-9.

TABLE I
1995-96 Miscellaneous Data of Districts Having High Fund Balances

Group-District	Enrollment	Free Reduced Lunch %	Staff-Pupil Ratio	Average Salary (all employees)	Assessed Value/pupil	Fund Balance % of Revenues	$ Fund Balance/ pupil
1-A	1,565	26.1	24.1	42,119	77,369	44	2,326
1-B	1,486	37.2	14.6	33,683	67,797	45	4,418
Group *Mean*	1,700	37.2	22.7	38,746	89,231	16	896
2-C	1,450	30.6	22.8	37,553	67,155	36	1,843
2-D	1,835	40.1	25.0	38,017	71,741	30	1,866
Group *Mean*	1,963	28.9	22.0	41,048	82,599	11	618
3-E	2,656	7.3	19.3	44,056	178,292	40	2,413
3-F	8,657	59.7	20.5	42,235	53,859	33	2,400
Group *Mean*	4,639	25.8	21.8	45,658	125,722	12	774
4-G	2,761	17.9	19.9	53,301	374,867	55	4,318
4-H	1,163	64.0	18.6	41,330	107,182	31	2,504
4-I	762	74.6	18.7	43,956	271,659	46	4,350
Group *Mean*	4,435	21.3	18.8	49,461	270,478	20	1,753
State *Mean*	2,783*	27.6	21.7	43,285	114,985	13	813
	*w/out Detroit				*SD*	9	704

State n = 524; Group 1 n = 31; Group 2 n = 262; Group 3 n = 184; Group 4 n = 47.
Source: Computed from Michigan Department of Education information.

BEST COPY AVAILABLE

TABLE 2
1995-96 Miscellaneous Data of Districts Having Average Fund Balances

Group-District	Enrollment	Free Reduced Lunch %	Staff-Pupil Ratio	Average Salary (all employees)	Assessed Value/pupil	Fund Balance % of Revenues	Fund Balance/ pupil
1-S	2,930	22.2	22.6	40,606	70,744	11	580
1-T	1,827	38.7	25.2	39,063	147,384	12	584
Group *Mean*	1,700	37.2	22.7	38,746	89,231	16	896
2-U	1,469	27.1	20.8	40,511	68,441	12	600
2-V	2,311	28.4	22.3	45,290	64,104	13	705
Group *Mean*	1,963	28.9	22.0	41,048	82,599	11	618
3-W	2,613	1.9	19.9	47,578	119,711	12	804
3-X	2,256	31.5	22.4	43,787	75,473	12	674
Group *Mean*	4,639	25.8	21.8	45,658	125,722	12	774
4-Y	3,249	14.0	19.0	49,623	178,314	12	988
4-Z	2,209	32.6	24.4	51,516	187,791	13	1,018
Group *Mean*	4,435	21.3	18.8	49,461	270,478	20	1,753
State *Mean*	2,783*	27.6	21.7	43,285	114,985	13	813
	*w/out Detroit				*SD*	9	704

State n = 524; Group 1 n = 31; Group 2 n = 262; Group 3 n = 184; Group 4 n = 47.
Source: Computed from Michigan Department of Education information.

TABLE 3
1995-96 Expenditures of Districts Having High Fund Balances

Group-District	Instruc-tion %	$Instruct-tion/p	Instruct Suprt %	$Instruct Suprt/p	Admin %	$Admin/p	NonInstr .Suprt %	$NonIns Suprt/p	Transf %	$Transf/p	Savings %	$Savngs/p	$ Total Expnd/p
1-A	57.8	3,084	4.3	231	9.6	510	15.4	822	3.1	166	9.8	523	4,813
1-B	49.0	4,795	3.5	338	9.0	885	15.2	1,488	1.4	134	21.8	2,138	7,641
Grp *Mean*		3,257		245		476		945		149		260	5,073
Grp *SD*		401		88		123		155		108		381	581
2-C	58.2	2,989	4.9	252	8.4	429	20.2	1,036	1.9	100	6.5	332	4,805
2-D	59.1	3,707	3.0	186	6.8	423	13.3	835	2.6	165	15.2	955	5,316
Grp *Mean*		3,462		326		524		1,032		211		114	5,557
Grp *SD*		344		140		115		182		151		191	464
3-E	56.4	3,420	7.2	436	7.6	463	25.9	1,572	1.5	91	1.3	82	5,982
3-F	55.8	4,115	11.0	812	5.7	420	18.2	1,345	8.2	605	1.0	76	7,298
Grp *Mean*		3,912		524		589		1,287		233		111	6,545
Grp *SD*		499		278		171		291		178		237	840
4-G	60.9	4,807	7.6	598	8.3	658	25.8	2,035	2.7	216	-5.4	(424)	8,314
4-H	55.5	4,514	14.6	1,188	9.8	795	21.1	1,714	1.6	133	-2.6	(209)	8,344
4-I	55.5	5,202	3.4	322	20.5	1,919	22.2	2,081	1.9	175	-3.5	(326)	9,699
Grp *Mean*		4,673		751		806		1,684		335		153	8,248
Grp *SD*		574		307		340		371		369		325	1,063
State *Mean*	59.9	3,716	6.7	429	9.1	570	18.7	1,175	3.6	226	1.9	125	6,117
State *SD*	4.5	570	3.2	256	2.2	186	3.2	318	2.6	192	3.5	238	1,081

State n = 524; Group 1 n = 31; Group 2 n = 262; Group 3 n = 184; Group 4 n = 47.
Source: Computed from Michigan Department of Education information.

BEST COPY AVAILABLE

TABLE 4
1995-96 Expenditures of Districts Having Average Fund Balances

Group-District	Instruc-tion %	$Instruc t-tion/p	Instruct Suprt %	$Instruct Suprt/p	Admin %	$Admin/ p	NonInstr .Suprt %	$NonIns Suprt/p	Transf %	$Transf/ p	Savings %	$Savngs /p	$Total Expnd/p
1-S	63.2	3,275	8.7	455	7.9	408	15.7	813	3.6	187	0.8	41	5,173
1-T	61.7	3,051	3.8	189	9.9	487	19.4	958	1.2	61	4.0	196	4,747
Grp *Mean*		3,257		245		476		945		149		260	5,073
Grp *SD*		401		88		123		155		108		381	581
2-U	63.2	3,231	5.7	292	10.2	521	12.8	654	1.7	89	6.4	325	4,787
2-V	68.5	3,773	4.2	235	7.2	394	15.1	831	1.7	91	3.4	187	5,324
Grp *Mean*		3,462		326		524		1,032		211		114	5,557
Grp *SD*		344		140		115		182		151		191	464
3-W	58.9	3,979	11.2	756	9.1	613	15.4	1,043	3.5	234	1.9	129	6,625
3-X	63.3	3,702	7.1	416	8.9	518	14.0	816	2.4	141	4.3	253	5,593
Grp *Mean*		3,912		524		589		1,287		233		111	6,545
Grp *SD*		499		278		171		291		178		237	840
4-Y	60.7	4,869	13.1	1,050	8.4	670	20.2	1,621	1.8	147	-4.3	(344)	8,358
4-Z	44.1	3,485	8.3	657	10.1	799	20.7	1,631	9.1	726	7.6	597	7,298
Grp *Mean*		4,673		751		806		1,684		335		153	8,248
Grp *SD*		574		307		340		371		369		325	1,063
State *Mean*	59.9	3,716	6.7	429	9.1	570	18.7	1,175	3.6	226	1.9	125	6,117
State *SD*	4.5	570	3.2	256	2.2	186	3.2	318	2.6	192	3.5	238	1,081

State n = 524; Group 1 n = 31; Group 2 n = 262; Group 3 n = 184; Group 4 n = 47.
Source: Computed from Michigan Department of Education information.

TABLE 5
1995-96 Revenues of Districts Having High Fund Balances

Group - District	Local %	$ Local/p	State %	$ State/p	Fed Flow thru %	$Fed Flow thru/p	TotFed %	$ TotFed/p	Transf -%	$ Transf/p	$ Total REV/p
1-A	13.5	772	79.1	4,220	3.8	204	3.8	204	3.6	190	5,336
1-B	8.4	826	52.0	5,120	2.0	198	36.7	3,891	2.5	242	9,779
Grp *Mean*		933		3,970		196		318		113	5,334
Grp *SD*		523		556		82		614		96	884
2-C	8.2	422	87.0	4,467	4.8	248	4.8	248	0.0	0	5,137
2-D	11.7	733	79.3	4,974	6.5	411	6.5	411	2.5	154	6,271
Grp *Mean*		722		4,582		173		199		174	5,670
Grp *SD*		394		493		105		128		171	440
3-E	24.0	1,453	74.5	4,515	1.0	61	1.0	61	0.6	36	6,064
3-F	10.8	793	75.3	5,556	4.9	363	5.3	389	8.6	636	7,374
Grp *Mean*		1,267		4,963		171		216		207	6,656
Grp *SD*		891		972		151		212		228	817
4-G	87.5	6,902	9.2	723	1.3	100	1.3	100	2.1	166	7,890
4H	21.5	1,752	69.9	5,690	8.2	666	8.2	666	0.3	27	8,134
4-I	67.3	6,307	23.8	2,232	5.7	532	6.2	581	2.7	253	9,373
Grp *Mean*		3,528		4,405		163		231		229	8,402
Grp *SD*		1,774		1,490		146		252		403	1,053
State *Mean*	17.1	1,172	75.9	4,664	2.8	173	3.4	215	2.9	187	6,242
State *SD*	13.7	1,122	13.6	857	1.8	126	2.8	228	2.9	220	1,079

State n = 524; Group 1 n = 31; Group 2 n = 262; Group 3 n = 184; Group 4 n = 47.
Source: Computed from Michigan Department of Education information.

TABLE 6
1995-96 Revenues of Districts Having Average Fund Balances

Group - District	Local %	$ Local/p	State %	$ State/p	Fed Flow thru %	$Fed Flow thru/p	TotFed %	$ TotFed/p	Transf -%	$ Transf/p	$ Total REV/p
1-S	13.0	683	80.0	4,143	2.5	128	3.0	154	3.8	198	5,178
1-T	32.6	1,609	62.9	3,108	3.6	176	3.7	183	0.9	43	4,943
Grp *Mean*		933		3,970		196		318		113	5,334
Grp *SD*		523		556		82		614		96	884
2-U	9.2	469	85.7	4,381	3.6	185	3.8	194	1.4	69	5,113
2-V	8.2	450	87.8	4,838	2.6	145	2.6	145	1.4	78	5,511
Grp *Mean*		722		4,582		173		199		174	5,670
Grp *SD*		394		493		105		128		171	440
3-W	11.1	750	84.0	5,672	3.0	22	9.0	65	4.0	268	6,754
3-X	6.5	378	88.3	5,161	3.8	224	3.8	224	1.4	82	5,845
Grp *Mean*		1,267		4,963		171		216		207	6,656
Grp *SD*		891		972		151		212		228	817
4-Y	33.1	2,651	60.5	4,846	1.8	145	1.8	145	4.6	372	8,014
4-Z	37.7	2,976	60.1	4,746	0.8	65	2.2	172	0.0	0	7,895
Grp *Mean*		3,528		4,405		163		231		229	8,402
Grp *SD*		1,774		1,490		146		252		403	1,053
State *Mean*	17.1	1,172	75.9	4,664	2.8	173	3.4	215	2.9	187	6,242
State *SD*	13.7	1,122	13.6	857	1.8	126	2.8	228	2.9	220	1,079

State n = 524; Group 1 n = 31; Group 2 n = 262; Group 3 n = 184; Group 4 n = 47.
Source: Computed from Michigan Department of Education information.